

ROUTING

**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Monday 13 February 1978 CG NIDC 78/036C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review completed

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National Intelligence Daily Cable for Monday, 13 February 1978

The NID Cable is for the purpose of informing senior US officials.

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SOMALIA: State Of Emergency

*[redacted] Somalia's declaration of a state of emergency on Saturday is primarily a formal recognition of conditions that have prevailed since the Somalis sent troops into Ethiopia in July. The major new element is a request for volunteers and an order for all former servicemen to report for mobilization. The call-up will have at best a minor impact on Somalia's military capabilities because of the country's deficiencies in equipment and logistics.*

*[redacted] The declaration of a state of emergency is designed to dramatize the government's concern about the situation in the Ogaden and to prepare the Somali people for further sacrifices. The government also used the opportunity to end the fiction that only guerrillas are involved in the fighting and announced that Somalia was sending regular units to the Ogaden. The bulk of the Somali armed forces is already participating in the fighting.*

*[redacted] The declaration also outlines a three-point peace settling the conflict:*

- A cease-fire.*
- The withdrawal of foreign troops from the region and procedures for verification.*
- A "solution" to the problem of the Ogadeni Somalis' demand for self-determination and independence from Ethiopia.*

*[redacted] The substance of the proposal offers nothing that would appeal to Ethiopia, Cuba, or the USSR as a basis for a settlement, but the Somalis willingness to make a peace offer indicates some interest in keeping mediation efforts alive.*

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[ ] The Somali Government threatened to break relations with the USSR but deferred action, perhaps in recognition of the fact that Somalia may have to call on the Soviets to play a role in arranging an eventual settlement with Ethiopia. [ ]

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#### IRAN-INDIA-PAKISTAN: Shah's Visits

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[ ] //The Shah of Iran was impressed by Indian Prime Minister Desai during their meeting in New Delhi last weekend. From all indications, the relationship of the leaders of the two major powers in the region got off to a good start. The Shah told the US Ambassador to Iran that he had found the political situation in India much improved, reflecting his generally favorable reaction to the performance of the Desai government during its first year in power.//

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[ ] //With respect to specific issues, the Shah found ready Indian acceptance of the concept of an Asian Common Market. The scheme is intended to strengthen regional economic cooperation, a familiar theme in Iranian foreign policy but one on which little headway has been made. The Indians favor greater regional economic cooperation in principle, but they view the Shah's proposal as ill-defined and premature.//

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[ ] //The Shah was less satisfied with his brief stopover in Pakistan, where he was unable to dispel what he sees as Chief Martial Law Administrator Zia's obsession with possible Indian-Iranian collusion against Pakistani interests.

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PORTUGAL: Leftist Opposition

Portuguese Prime Minister Soares' Socialist - Center Democratic coalition won parliamentary approval yesterday for its government program. The most serious problem for the new government remains the Communists and the labor unions they control. Spokesmen from both groups reiterated their strong opposition to Soares' coalition during debate on the government program, which the Communists voted against. Without labor in tow, it is doubtful that Soares' program can succeed regardless of its merits.

Since the new government was installed on 2 February, Portugal has been hit with a rash of strikes and threatened strikes. Railroad workers, teachers, shipyard workers, and members of several other unions have staged strikes this month, and the merchant marine and commercial workers unions threaten walkouts in coming weeks. Some unions are also pressing for early wage increases and other benefits.

All of these maneuvers run counter to government policies of labor restraint and austerity, and expose the Socialists' weakness in blue-collar unions.

The Communists would probably like to demonstrate as quickly as possible that the present government is ineffective. They do not, however, seem inclined to resort to illegal tactics or to risk an all-out confrontation with the government, which could turn public opinion against them.

Last week, the country's largest labor federation voted against a far-left proposal that a workers' "Day of Protest" against the new government be turned into a nationwide general strike. Workers' fears of losing their jobs, the widespread concern about the faltering economy, and Communists leaders' hopes of eventually forming an alliance with the Socialists were probably all factors behind the vote.

The Communists see little advantage in dramatic anti-government actions, although they have not spared the rhetoric. They are convinced that the government will eventually fall anyway and that a leftist alliance of Communists and Socialists will then be seen as the only alternative.

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[ ] At the same time, the Communists have felt it necessary to flex their labor muscle enough to ward off government attempts to undermine their strength in the unions and to take away property they obtained in the course of the 1974 revolution. It is doubtful that Soares will be able to attract the Communists' cooperation while attacking the bases of their strength.

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[ ] The Communists' position was enhanced considerably by a Social Democratic decision to vote against the government program. Social Democrats represent business and financial interests that must be enlisted in the economic recovery effort. Lack of support from this quarter hurts not only Soares' prestige, but also his ability to take a strong stand against the Communists. [ ]

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#### CANADA: Ottawa Economic Summit

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[ ] *//Canadian Prime Minister Trudeau is convening a federal-provincial economic summit in Ottawa early this week. The meeting, which is to be televised, is designed to increase confidence in the lagging Canadian economy and to demonstrate to the electorate that the Prime Minister is tackling the problem; Trudeau is expected to call an election this year. The thrust of the meeting will be toward long-term programs, however, which would not effect the economy before the election.//*

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[ ] *//Opinion surveys show that concern over economic matters ranks higher than concern over national unity. Trudeau would like to increase confidence by showing that the federal and provincial governments are cooperating to find medium- to long-term solutions to economic problems and are reaching a consensus on where the problems are and what the solutions should be. He calls it "the beginning of a concerted attempt to restructure the Canadian economy in order to make it more effective and efficient over the long term."//*

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[ ] *//Both Trudeau and Finance Minister Chretien emphasize that the conference will not address short-term solutions or add large amounts of new money, and they warn against "excessive expectations" for quick fixes to the economy.//*



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[REDACTED] //As an aid in getting provincial cooperation, Trudeau is offering something strongly desired by the provincial leaders--more provincial say in how programs are implemented and the possible transfer to the provinces of administrative power over economic programs.//

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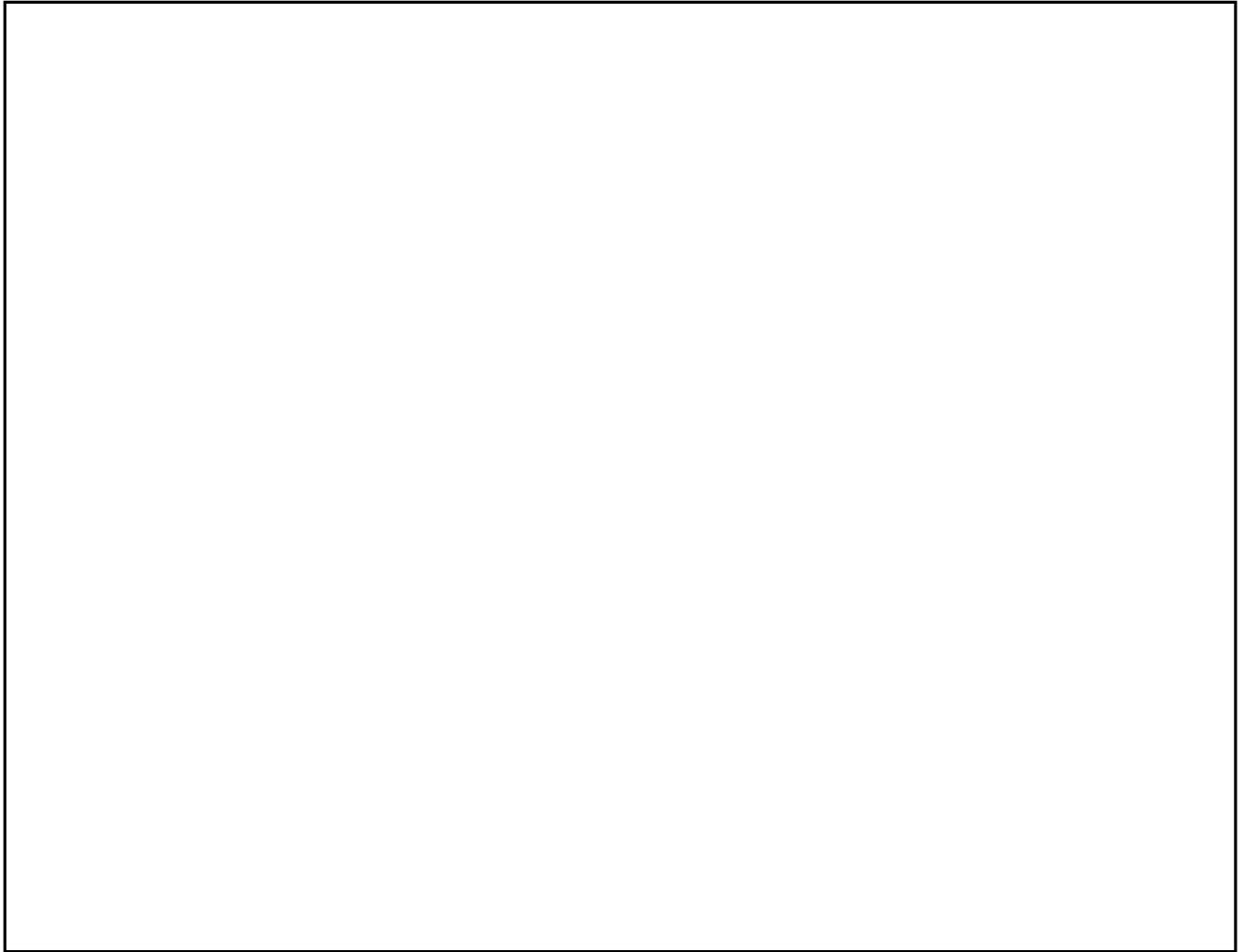
[REDACTED] //It is important to Trudeau's election prospects that he demonstrate forward motion in addressing economic problems. It is the area in which he is most vulnerable to criticism from opposition spokesmen. [REDACTED]

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NEW ZEALAND - JAPAN: Economic

*[redacted] //New Zealand's seizure of a Japanese fishing trawler and its decision to auction off the trawler and its 300-ton catch is intended to underscore the seriousness with which New Zealand views violations of its fishing regulations. New Zealand is also trying to increase pressure on Japan to make concessions on bilateral trade issues.//*

25X1 [ ] //The Japanese vessel was seized three weeks ago in an area closed to foreign fishing. The New Zealanders, who had earlier briefed the ship's captain, saw the intrusion as deliberate and decided to make an example of the case.//

25X1 [ ] //New Zealand no doubt hopes the stiff penalty will prod Japan to accept larger imports of beef, dairy products, and timber from New Zealand. Agricultural exports are the lifeblood of New Zealand's economy, and it has become increasingly annoyed over Japan's refusal to discuss long-term arrangements for greater purchases.//

25X1 [ ] //New Zealand Prime Minister Muldoon has warned that unless Japan makes some trade concession, the Japanese will not be permitted to operate in New Zealand's 200-mile economic zone after 1 April. Muldoon calculates that Japan's interest in fishing in the waters encompassed by the zone will encourage it to be more responsive to New Zealand's trade needs, but Tokyo is unlikely to respond to what it probably sees as a New Zealand attempt at intimidation. [ ]

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